

REMARKS

Claims 1-18 were submitted for examination. In this Office Action, Claims 11-2, 4-7, 8-9, 12 and 16-18 are rejected under 35 USC 103(a) as being unpatentable over US Patent No.: 6,694,436 to Audebert (hereinafter "Audebert") in view of US Publication No.:20020023027 to Simonds (hereinafter "Simonds"), Claim 3 is rejected under 35 USC 103(a) as being unpatentable over Audebert in view of Simonds further in view of US Patent No.: 6,572,015 to Norton (hereinafter "Norton"), Claim 11 is rejected under 35 USC 103(a) as being unpatentable over Audebert in view of Simonds further in view of US Patent No.: 5,734,975 to Zele (hereinafter "Zele"), and Claim 13 is rejected under 35 USC 103(a) as being unpatentable over Audebert in view of Simonds further in view of US Patent No.: 4,386,266 to Chesarek (hereinafter "Chesarek").

The Examiner is appreciated for the thoughtful examination. In the foregoing amendments, the Specification has been amended to correct some informalities. Claims 1-3, 8, 12-14, 16 and 18 have been amended and new claims 19-20 have been added to further distinguish from the cited references. As a result of the amendments, Claims 1-20 are now pending. Reconsideration of the pending claims is kindly requested.

As amended, Claim 1 now clearly recites:

connecting a separate unit to a device having a keypad and display, the separate unit being secured and independently operating from the device;
initiating a transaction request using the device;
communicating the transaction request to a third party through the device; and
receiving a signal at the separate unit via the device to authenticate the transaction,
wherein the separate unit is caused to request personalized data from a user associated with the device, the separate unit is not to encrypt the transaction but to authenticate the transaction between the device and the third party, the transaction can only be authenticated when the personalized data is authenticated in the separate unit.

(emphasis added)

As clearly illustrated in FIG. 2 and described in the specification, a card reader 100 is a separate unit being secured and independently operating from the device (e.g.,

a cellphone 222, a deskphone 220, a television 230 or a laptop computer 232) that is caused to initiate a transaction. The transaction, however, can not be authenticated without the card reader 100 to request the confidential information from the user. After the confidential information is authenticated, the card reader 100 is not to encrypt the transaction but to authenticate the transaction between the device and the third party.

In contrast, Audebert teaches a terminal and a personal security device. As shown in FIG. 1 or FIG. 3 and described in lines 44 ~ 53 of Col. 1, the application FAp originally in the terminal 1 needs to be installed on a PC and a server so that a secure communication session can be established. In other words, the terminal in Audebert is not independently operating from the device (e.g., the PC or server). Further the terminal in Audebert is engaged to encrypt the communication between the PC and server, which teaches away from "the separate unit is not to encrypt the transaction but to authenticate the transaction between the device and the third party, the transaction can only be authenticated when the personalized data is authenticated in the separate unit". Accordingly, the Applicant respectfully submits Audebert does not teach nor suggests the amended claim 1.

Simonds teaches about using a high-contrast optical signal for authentication. The amended claim1 does not have any clauses that suggest anything being discussed or taught in Simonds. Accordingly, the Applicant believes that neither Audebert nor Simonds, viewed alone or in combination, teaches or suggests the amended claim 1. Reconsideration of claims 1-18 is respectfully requested.

Claims 19-20 are added in view of the cited references. Claim 19 includes similar features recited in claim 1. It is believed that claims 19-20 shall be allowable over the cited references.

In view of the above amendments and remark, the Applicant believes that Claims 1-20 shall be in condition for allowance over the cited references. Early and favorable action is being respectfully solicited.

If there are any issues remaining which the Examiner believes could be resolved through either a Supplementary Response or an Examiner's Amendment, the Examiner is respectfully requested to contact the undersigned at (408)777-8873.

I hereby certify that this correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to "Commissioner of Patents and Trademarks, Washington, DC 20231", on **November 15, 2006**.

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Respectfully submitted;

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